

MFDA Investor *Bulletin*

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MARCH 2020 **FRAUD AWARENESS MONTH**

March is Fraud Awareness Month and the Mutual Fund Dealers Association of Canada (the “MFDA”) is promoting fraud awareness and prevention among Canadian investors. In this edition of the MFDA Investor Bulletin you will find information to help you avoid becoming a victim of investment fraud.

Be Careful in Volatile Markets

The coronavirus (COVID-19) outbreak has led to increased volatility in stock-markets and many investors have experienced ups and downs in the value of their portfolios. During turbulent times it is more important than ever to be an informed investor as volatile times result in increased activity by fraudsters. For example, fraudsters may attempt to take advantage of peoples’ fears and uncertainties by offering “guaranteed” and other “too good to be true” products which are in fact fraudulent.



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

To protect yourself remember to:

- ✓ Be careful about any investment that claims to be a low risk and high return investment.
- ✓ Avoid investing in products brought to your attention through unsolicited phone calls or emails from individuals you do not know.
- ✓ Check the registration status of the person you are dealing with.
- ✓ Ask questions. You might not want to invest in the product being offered if you do not understand the answers you receive

A reasonable course of action to take if you have concerns with the performance of your investment portfolio is to contact your advisor to discuss your options.

Trusted Contact Persons

In October 2019 the MFDA provided guidance on a recommended practice to have dealers request that their clients name a **Trusted Contact Person** that could be contacted by the dealer in circumstances where there are concerns regarding the client such as cases of financial exploitation. If you are asked by your dealer whether you want to name a Trusted Contact Person, **it is something worth considering**. Naming a Trusted Contact Person could help your dealer to respond to possible situations of financial exploitation or fraud affecting your account. A Trusted Contact Person is a resource to help you and the dealer in situations where there are concerns about you or your account. **Naming a Trusted Contact Person does not give that individual any authority over your account.**

Perform a Background Check on Your Advisor

Is the person offering you an investment registered? The MFDA website features **Check an Advisor** where you can find out how to check if the person is registered, and whether or not there has been any disciplinary actions against that individual or firm. The MFDA website also lists current and past disciplinary hearings where you can search for additional information. **A person who is not registered cannot deal in securities. You should never invest in a security that is recommended to you by someone who is not registered.**

Protect Yourself from Tax Collection Scams

Tax Collection Scams involve placing phone calls to individuals or sending emails that appear to be from Canada Revenue Agency that attempt to trick people into providing personal information and into making payments by falsely claiming that tax money is owed. These emails and phone calls are often aggressive in nature and use threats of criminal prosecution if the requested payments are not made.

To protect yourself, never provide payment or private or personal information that is requested in an unsolicited email that appears to be from the Canada Revenue Agency.

In addition you should know that the Canada Revenue Agency has publically stated that it will never:

- ✓ ask for information about your passport, health card or driver's license
- ✓ demand immediate payment by Interac e-transfer, bitcoin, prepaid credit cards or gift cards from retailers such as iTunes, Amazon, or others

- ✓ use aggressive language or threaten you with arrest
- ✓ leave voicemails that are threatening or give personal or financial information
- ✓ give or ask for personal or financial information by email and ask you to click on a link
- ✓ email you a link asking you to fill in an online form with personal or financial details
- ✓ send you an email with a link to your refund

If you are ever unsure as to whether the email or phone call you receive is truly from the Canada Revenue Agency the best course of action is to call the Canada Revenue Agency directly so that you can be certain who you are speaking to.



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